

Memorandum DO NOT REPLY TO THIS ADDRESS - SEE MESSAGE FOR CONTACT

<u>INFO!</u>

Date 09/13/2004

From AD - Budg, Planning & Hum Res

**Subject** Department's New Non-SES Performance Appraisal System

The 2004 Defense Authorization Bill established a "Pay for Performance" fund for non-SES employees. As outlined in the bill, in order for non-SES employees to receive money from the fund, agencies must develop a credible and appropriate multi-level performance appraisal system approved by OPM.

The Department is currently finalizing its new non-SES Performance Appraisal policy and supplemental handbook for final approval by OPM. This policy changes the current Pass/Fail system to a 5-level system that links individual performance to the mission goals of the Department, provides differentiation among levels of performance, and establishes performance awards specifically linked to performance appraisals.

The Department is also currently developing training for employees to assist you in learning about the new performance appraisal system. This training will include two computer-based training modules – one for employees and another for supervisors.

The Department expects to have the new system approved by OPM and put into effect as soon as possible after October 1, 2004, for the fiscal year 2005 performance appraisal cycle. To facilitate the transition from the old to the new performance system, the Department is currently considering options regarding the close-out of the FY 2004 performance appraisal cycle and effecting the FY 2005 cycle (for example, extending the 04 cycle beyond September 30, 2004, until such time as OPM approves the new plan and training is completed to effect the new system for 05). Additional guidance regarding this issue will be provided before the end of the 04 performance cycle.